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# EPIK



## SME BUSINESS SPECIALISTS

### TIPS FOR IMPROVING THE FINANCIAL POSITION OF YOUR BUSINESS

#### Ideas to improve the profitability of your business

- Prepare financial statements on a regular basis
- Focus on boosting profit
- If possible, don't discount prices on lower margin products or services
- Understand the profit contributions of each of your products, and your main customers
- Don't discount unless you can achieve the same or better gross profit margin

#### Ideas to improve the cash position of your business

- Prepare regular cash flow forecasts
- Measure and reward the right behavior in your staff
- Make full use of your terms of trade as this amounts to an interest-free loan
- Don't let personal drawings get out of hand
- Don't hide your problems from your bank

#### Control stock

- Keeping stock levels low reduces the amount of money you have tied up in stock
- Get rid of slow-moving and obsolete stock
- Maintain necessary stock
- Tighten the buying stock
- Negotiate deals with suppliers but avoid volume-based discounts
- Don't let discount prices drive your stock-buying decisions

#### Reduce your customer debt

- Keep in touch with your customers
- Negotiate periodic payments if that helps your customer clear overdue amounts
- Perform credit checks and establish and agree on proper commercial terms for future dealings with customers, including realistic credit limits
- Make sure your invoicing and debtors listing is well managed
- Encourage your customers to pay immediately

#### Controlling costs

- Identify the expenses that keep you in business
- Look at costs carefully, but don't criticise every individual transaction or usage
- Measure the success of each promotional activity or campaign.
- Be flexible in your staffing arrangements
- Don't forget that your staff are a key resource, especially in today's tight employment markets.

#### Improve sales

- Don't chase just any sale; chase profitable sales
- Create added value with your offers
- Encourage companion selling and up-selling by your sales personnel
- Use in-store signs to highlight the product of the week, or today's special.

**KNOWLEDGE**

**INTEGRITY**

**PERFORMANCE**

**EXPERTISE**

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